

**"ENTREPRENEURIAL INTENTION AMONG MANAGEMENT  
DEPARTMENT STUDENTS"**

**(An Application of Theory Planned Behavior on Entrepreneurial  
Intention in Universitas Muhammadiyah Surakarta)**



**Submitted a Partial Fulfillment of the Requirement for obtaining  
Bachelor Degree of Economics in Economic and Business Department**

**by:**

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## **APPROVAL PAGE**

Hereby the supervisor of Management international program has read and testified  
the final research entitled:

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HALAMAN PENGESAHAN

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## DECLARATION OF AUTHENTIC

I hereby declare that there are no works in this scientific publication ever been submitted to obtain a bachelor's degree at a college and throughout my knowledge also does not have any works or opinions ever written or published by people other, except in writing referenced in the text and mentioned in the bibliography.

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Surakarta, 10 Oktober 2018

Author



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# **"ENTREPRENEURIAL INTENTION AMONG MANAGEMENT DEPARTMENT STUDENTS"**

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## **Abstrak**

Niat untuk menjadi seorang pengusaha di kalangan mahasiswa program studi Universitas Muhammadiyah Surakarta belum dipahami dengan jelas. Jadi, tujuan dari makalah ini adalah untuk menganalisis niat kewirausahaan dengan penerapan Teori Perilaku Berencana pada mahasiswa departemen manajemen di Universitas Muhammadiyah Surakarta. Penelitian kuantitatif ini untuk menguji hubungan antara sikap, norma subyektif dan kontrol perilaku yang dirasakan atas niat kewirausahaan. Metodologi ini menggunakan teori TPB dan metode non-probability sampling, data dikumpulkan dari 100 mahasiswa manajemen di Universitas Muhammadiyah Surakarta, data dianalisis menggunakan analisis regresi. T-test digunakan untuk menguji hipotesis yang diajukan. Hasil penelitian menunjukkan bahwa sikap dan norma subyektif menunjukkan pengaruh yang signifikan terhadap niat wirausaha. Kontrol perilaku yang dirasakan memiliki pengaruh yang signifikan terhadap niat kewirausahaan.

**Kata kunci:**Kewirausahaan, Niat Berwirausaha, Teori Perilaku Terencana

## **Abstract**

Intention to become an entrepreneur among students of the study program of Muhammadiyah University of Surakarta has not been clearly understood. So, the purpose of this paper is to analyze the intentions of entrepreneurship with the application of the Theory of Planned Behaviour in students of management department at the Muhammadiyah University of Surakarta. This quantitative research to examine the relationship between attitudes, subjective norms and perceived behavioural control over entrepreneurial intentions. This methodology used TPB theory and non-probability sampling method, data were collected from 100 management students at Universitas Muhammadiyah Surakarta, data were analysed using regression analysis. T-test is used to test the proposed hypothesis. The results showed that attitude and subjective norms demonstrated significant effect on entrepreneur intention. Perceived behavioural control has a significant effect towards entrepreneurial intention.

**Keywords:** Entrepreneurship, Entrepreneur Intention, Theory Planned Behavior

## **1. INTRODUCTION**

Entrepreneurship plays an important role in economic growth and creates a lot of work for a country. Romer (1994) stated that entrepreneurial activity is the nation's long-term economic growth engine. Entrepreneurship provides a source of income, when the economy cannot provide enough jobs or other alternatives to generate salary and provide a positive social value in place (Romer, 1994).

Entrepreneurship is an important part of developing countries, as it can help develop and contribute greatly to the country. Entrepreneurship is a process that integrates people, opportunities, and resources (Timmons & Spinelli, 2009). Unemployment is one of the big problems faced by the Indonesian government every year. The amount of unemployment in 2009 was about 9.6 million people (7.6%), and 10% of them are undergraduate, according to the International Labor Organization (ILO) Report (Nasrun, 2010). In 2008, statistics showed only 0.18% of the population of entrepreneurs (Ministry of Small Enterprises & Cooperatives 2008, quoted in (Sembiring, Sandjaja and Antonio 2011). This means that our environment still lacks new entrepreneurs.

This problem can be reduced by increasing the number of entrepreneurs themselves who can remove unemployment. The increasingly rampant unemployment in every region has had an impact on the social welfare of the Indonesian people. Data from the Indonesian Central Bureau of Statistics supports the ILO's statement which indicates that some of Indonesia's unemployment are those with Diploma / Academy / and college graduates (Setiadi, 2008). According to (Gird & Bagraim, 2008) the study of entrepreneurial intentions is potentially important in efforts to encourage entrepreneurial activity. Many empirical studies show that entrepreneurship can be driven by entrepreneurship or business education (Wang & Verzat, 2011). But a scholar always hopes to get a job after college. Only few students

manage to think of making a business or creating jobs. In fact, the number of entrepreneurs in Indonesia is still relatively small.

Entrepreneurial activity is considered as one of the risks that are too high for undertaken by inexperienced students (Charitomeni&Dimitra, 2015). The conditions faced will be further aggravated by the global competitive situation (eg the implementation of the ASEAN Economic Community / MEA) which will confront the Indonesian university graduates to compete freely with graduates from foreign universities. Therefore, university graduate scholars need to be directed and supported to be not only oriented as job seeker (job seeker) but able and ready to become job creator as well, because the number of entrepreneurs have a big impact on the economy in Indonesia.

There are several factors which are to be understood in order to prepare young generations to become entrepreneurs. According to (Ajzen, 2001), Theory of Planned Behavior is one of the most influential and popular conceptual frameworks for studying human actions in examining the factors that influence student entrepreneurship intentions. This theory can be broken down into three that conceptually lead to behavioral intention (BI): Attitude toward Behavior, Perceived Behavioral Control (PBC) and Subjective Norm (SN) (Ajzen, 1991). Attitudes toward behavior measure the extent to which a person has a negative or positive evaluation of his performance. The shift in the frequency of a person's behavior may not be the only cause of habit formation, the most important being the consistency in doing something or behavior (Wood et al., 2005). The intention of carrying out a given behavior will depend on the person's attitudes towards that behavior (Ajzen 1991). The stronger the habit, the weaker the relationship between intention and behavior. Thus, habits should be formed when behaviors are directed at repetitive goals in the same place, at the same time and in the same situation. Perceived behavioral control refers to a person's perception of their ability to perform certain behaviors (Ajzen, 2006). The construction of such behavior includes

the ease or difficulty that a person perceives in entrepreneurship which is a person's behavior control factor that aims to smooth or hamper his or her way of business. Subjective norm (SN) is the social pressure that a person perceives to engage or not engage in behavior (Ajzen, 2006). Environment is one place that affects the emergence of one's motivation in entrepreneurship involvement.

Talking entrepreneurship means talking about the individual's mental and risk. Likewise, the attitude of a person in looking at entrepreneurial activity is also believed to form entrepreneurial intention (Ajzen et al., 1985). The establishment of student entrepreneurial character can be done anywhere. For example, in the family and college environment. While the contextual factors that get the researcher's attention are academic support, social support and business environment condition (Gurbuz&Aykol, 2008).

Interest in entrepreneurship will make someone to be more diligent to find and take advantage of business opportunities by optimizing their potential. Motivation of each student to entrepreneurship will certainly vary. In research conducted (Venesaar et al., 2006) explained that there are many motivations that affect entrepreneurship interest. For example, the desire to be respected, continue the tradition or family business, earn better income, and so forth.

Based on the description above, the researcher feels the need to conduct research with the aim of analyzing the factors that affect student intent in entrepreneurship Faculty of Economics and Business of Muhammadiyah University of Surakarta (as a candidate for entrepreneurship). The graduate profile of the Faculty of Economics and Business of Muhammadiyah University of Surakarta is expected to have the personality, understanding and ability in the field of entrepreneurship so as to improve the quality of life itself and contribute in the community. As for some variables



taken are, attitude, subjective norm, and behavior control which perceived in accordance with Theory Planned Behavior (TPB).

The title taken in this study is "ENTREPRENEURIAL INTENTION AMONG MANAGEMENT DEPARTMENT STUDENTS(An Application of Theory Planned Behavior on Entrepreneurial Intention in Muhammadiyah University of Surakarta)".

### **Literature Review**

#### Entrepreneurship

Entrepreneurship is one of the most important activities for future generations of jobs (Acs et al., 1999) and prosperity in a country (Kourilsky and Esfandiari, 1997). Entrepreneurial intentions can be interpreted as the first step of a process of establishing a business that is generally long-term (Lee & Wong, 2004). Entrepreneurship is a supporting factor that determines the economic retreat of a country (Adhe et al., 2016). According to Krueger (1993), entrepreneurial intention reflects a person's commitment to start a new business and is a central issue that needs to be taken into account in understanding the entrepreneurship process of new business establishment. Whereas the number of entrepreneurs in Indonesia is still relatively small when compared to the existing population.

#### Theory Planned Behavior

The Theory of Planned Behavior is to provide an understanding of the theoretical constructs and variables used in this study. "Theoretically, the personal evaluation of behavior, the expected mode of social behavior

(subjective norms) and self-efficacy against behavior (behavior control) is a very different concept that each has an important place in social research and behavior "(Ajzen, 1991, page 199). In the theory of planned behavior (Fishbein&Ajzen, 1985 in Tjahjono&Ardi, 2008) it is believed that factors such as attitudes, subjective norms will shape one's intentions and then directly affect behavior. Therefore, an understanding of one's intention to entrepreneurial intention can reflect the tendency of people to establish a business in real terms (Jenkins & Johnson, 1997). The Planned Behavior Theory is broken down into 3 independent variables. First, Attitude towards the Behavior, where one can measure the extent to which a person has a negative or positive evaluation of his/her behavior. Second, Subjective Norms, where a person is at a perceived social pressure to perform or not to do such an action. Third, Perceived Behavior Control, this variable refers to people's perceptions of one's ability to perform certain actions (Ajzen, 1988).

#### Relationship between Attitude and Entrepreneurial Intention.

The objects of this study are early and late semester students' attitudes toward entrepreneurship intentions. Entrepreneurship is a type of planned behavior (Bird, Katz & Gartner 1988). Planning based on the conditions around such an attractive niche market, by starting a new business. The entrepreneurial intention is more structured by rational or analytic thinking (goal-directed behavior) and intuitive or holistic thinking (vision) (Nancy G. Boyd, George S. Vozikis, 1994). Intention is the best predictor of the behavior, both conceptually and empirically (Jr Norris F. Krueger, Alan L. Carsrud, 2010).

Understanding antecedent intentions improves our understanding of the intended behaviors. The attitude affects behavior that affects intent, thus making intentions and attitudes dependent on the situation and the person (Norris et al., 2000 ). The proactive personality scale can be a useful addition to the arsenal of personality variables predicting entrepreneurial intentions (J. Michael Crant, 1996). These deliberate behaviors help to explain why many entrepreneurs many entrepreneurs decide to start a business long before they look for opportunities. First research suggested by hypothesis:

**H1: There is a positive and significant relationship between a person's attitude and entrepreneurial intentions.**

Relationship between Subjective Norm and Entrepreneurial Intention. There are some significant relation between Subjective Norm and Entrepreneurial Intention towards the students of the beginning and end semester. Subjective norms measure the influence of social pressure on individuals to perform or not perform certain behaviors (Ajzen, 1991, O'Neal, 2007). The subjective norm is described as "the social pressure felt to be involved or not involved in behavior" according to (Azjen, 1975). In a nutshell, subjective norms refer to changes in individual thoughts, attitudes, behaviors or feelings resulting from the influence of other individuals or groups (Chan, 2013). The subjective norm is the attitude part of a person's decision. The subjective norm reflects a real social tension to play a certain behavior. If students believe that entrepreneurship is a good and appropriate decision, then the intention in entrepreneurship will be more. According to research conducted by (Engle et al., 2010) alternately the norms of subjective and social norms have been used. Therefore, in this study there is a positive relationship between subjective norms and student entrepreneurial intention to start a business.

**H2: There is a positive and significant relationship between one's subjective norm and entrepreneurial intent.**

Relationship between Perceived Behavioral Control and Entrepreneurial Intention.

Confidence Behavior leads to attitudes toward the Act, Normative Beliefs lead to Subjective Norms, and Control of Trust leads to Perceived Behavioral Control (Ajzen, 1990). Perceived construction Behavioral controls are added in an attempt to handle the situation atin which one may not have full control over an attractive behavior (V. H. Winston., et al, 2002). For example, consider a college graduate student who intends to entrepreneurship. The perceived behavioral control aimed at people's perceptions of ease and difficulty shows an attractive attitude accordingly (Ajzen, 1991)

**H3: There is a positive and significant relationship between a person's behavior control and Entrepreneurial Intention.**

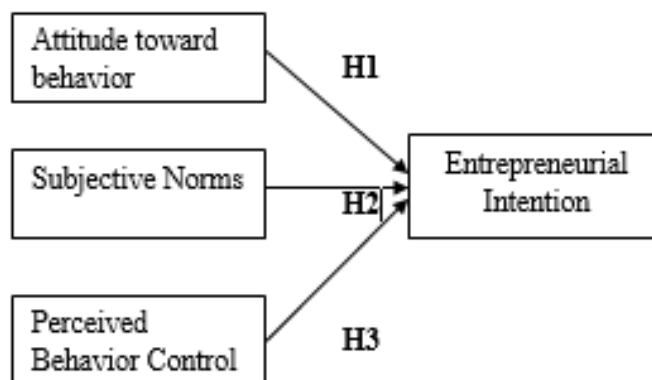


Figure 1  
Theoretical Framework of Theory of Planned Behaviour effect  
with Entrepreneurial Intention

## **2 METHOD**

This study included in quantitative study. The type of this study is causal research, where the researcher will test a specific hypothesis and assess certain correlation. This study took place in Surakarta areas.

The population in this research is regular management students of Muhammadiyah University of Surakarta, especially students of the beginning and end semester. The sampling method that used in this research is probability sampling, where it is purposive sampling.

## **3 FINDING AND DISCUSSION**

### **Descriptive Analysis**

The description of respondents shows an explanation of the respondent's identity as the study sample in the form of the percentage of respondents regarding gender, major, age, generation, job status, monthly income and education being studied.

### **Validity and Reliability Test**

From the result of validity test for perceived-value and customer satisfaction, it could be concluded that all of the indicators loading factor overall  $> 0.3$  and were valid (Hair et al. 1998). The results are already grouped in each component.

Reliability measurement is done by using Cronbach alpha coefficient ( $\alpha$ ). Where reliability is usually at least 0.6 (Ghozali, 2006).

Table 1  
Validity Result

<b>Rotated ComponentMatrix<sup>a</sup></b>				
	Component			
	1	2	3	4
A1				.578
A2				.789
A3				.679
A4				.669
A5				.726
SN1	.621			
SN2	.717			
SN3	.766			
SN4	.730			
SN5	.653			
SN6	.741			
SN7	.741			
PB2			.698	
PB3			.811	
PB4			.677	
PB5			.827	
PB6			.704	
EI1		.701		
EI2		.770		
EI3		.824		
EI4		.895		
EI5		.864		

Extraction Method: Principal Component Analysis.  
Rotation Method: Oblimin with Kaiser  
Normalization.

Table 2

## Reliability Results

<i>Variabel</i>	<i>Cronbach Alpha</i>	<i>Conclusion</i>
Attitude	0.734	<i>Reliable</i>
Subjective Norm	0.742	<i>Reliable</i>
Perceived Behavioral Control	0.855	<i>Reliable</i>
Entrepreneur Intention	0.896	<i>Reliable</i>

**Hypothesis Test**

Table3

## Multiple Linear Regression

Variable	Unstandardized $\beta$	Std. Error	Standardized $\beta$	t arithmetic	Sign.
Constant	.941	4.260			.826
Attitude	.145	.155	.089	.936	.352
Subjective Norm	.212	.090	.220	2.353	.021
Perceived behavioral Control	.402	.123	.309	3.278	.001
R	0.419	F arithmetic 6.831 F Probability 0.003			
R Square	0.176				
Adjusted R <sup>2</sup>	0.150				

Results of data processing for multiple linear regression using SPSS 20.00 can be seen in Table 4.19 above. Based on the table above, it can be composed of multiple linear regression equations as follows:

$$Y = ,941 + 0,145X_1 + 0,212X_2 + 0,402 X_3 + e \quad (1)$$

#### 4 CONCLUSION

According to the result of the study that has been discussed in the previous chapter, the researcher will convey some conclusions about this study. The conclusions of the research are:

- a. The result of Hypothesis 1, is rejected that attitude has insignificant impact to Entrepreneurial Intention of student because the significance level is more than 0.05. It is similar with the t test result that showed insignificant.
- b. The result of Hypothesis 2, is confirmed that subjective norm has positive impact to Entrepreneurial Intention of student because the significance level is less than 0.05. It is similar with the t test result showed significant.
- c. The result of Hypothesis 3, is confirmed that perceived behavior control has a positive impact to Entrepreneurial Intention of student because the significant.

*Managerial Implications*, the lecturer must aim for recognition and acceptance by their student's social atmosphere, not only of the material offered but also of the applicative. In this sense the results seem to show two paths to follow. The first path consists in providing a creative Entrepreneurial value to all students who come to the establishment. The second path consist of designing a communication policy that targets the social aspects.

*Limitations and directions for future research*, this research is a survey research using questionnaires in taking responsibility from respondents. Since the author was not able to supervise directly and thoroughly on the filling of the answer, the possibility of answers from the respondent does not reflect the actual situation due to the specific conditions of each respondent.

*Recommendation*, the university (University of Muhammadiyah Surakarta) must develop Student Activity Unit programs and conduct training or seminars related to Entrepreneurial. With students active in participating in these activities,



there will be a sense of confidence and good communication skills. Furthermore, the importance of university participation is to develop and provide supports for organizations. The university must set an aim to create leadership skills among students who might be able to have a consideration in the future to take the opportunity to become an Entrepreneur.

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